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EDWARD HENRY HARRIMAN  
*A Prince of Men*

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CLARENCE JAMES HOUSMAN



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EDWARD HENRY HARRIMAN

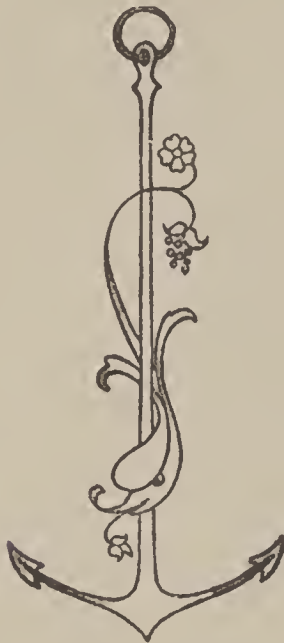


EDWARD HENRY HARRIMAN

*A Prince of Men*

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BY CLARENCE JAMES HOUSMAN



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I dedicate these lines to  
EDWARD HENRY HARRIMAN  
who left more than wealth—a memory  
of love and affection.

CLARENCE JAMES HOUSMAN

100-  
of  
100-  
of



EDWARD HENRY HARRIMAN



*Edward Henry Harriman*  
*A Prince of Men*

**I**N THE relations that exist between big men of finance and their brokers there are opportunities for revelation of character that do not exist in most other human contacts. Perhaps it is because the things they have to do together must be done by both with an intensity of mental application, at times under a nervous strain, that brushes aside the ordinary reserves and restraints of manner and thought which so often hold an invisible barrier between men who seemingly meet face to face. My business experience has brought me such associations with many of

## *Edward Henry Harriman*

the outstanding figures in the recent financial history of America and, of them all, Mr. Edward Henry Harriman was by far the biggest man in many ways. He was a greater man than most of his countrymen realized while he lived, but those who were fortunate enough to see him at close range realized this, and time will reveal him to others for what he was.

And so I have long desired to make this little record of my intimate glimpses of the man—felt it in a way my duty to bear witness to the largeness of spirit, the unvarying courtesy and gentleness of one who was anything but what the careless, hasty newspaper chronicles of his day

## *A Prince of Men*

represented him to be. Mr. Harriman himself was always keenly interested in newspaper comments upon his work and his motives, their cartoons of him and the like, but he never expressed, nor do I believe he ever felt, any deep resentment for those who attacked him. Even at the time of his controversy with President Roosevelt I never heard him say anything more about his opponents than that their attitude was erroneous or that they were misinformed. To-day, when I see so many trusted statesmen making the identical ideas of Mr. Harriman on railroad consolidation their own, I recall with no little admiration the equanimity, al-

## *Edward Henry Harriman*

most the indifference, with which he heard the outcry raised against his ideas when they were new.

But it is not my intention to discuss Mr. Harriman's works. They are already too well understood for that. Rather I have in mind his personal qualities. Whatever may have been the case in his earlier career, during the time I knew him he never doubted the fundamental soundness of his undertakings or their ultimate success. His utterances were quiet but positive, like those of a man whose interest was centred in the longer future. And I had ample indications that this was so. Once when we were dis-



## *A Prince of Men*

cussing Southern Pacific extension projects in Mexico and elsewhere, he remarked that his railroad plans were constantly laid ten to twelve years in advance of their execution.

On the other hand, he turned with facility to the handling of emergencies, being never deterred for a moment by the great scope such operations might assume. His taking hold of the Erie and saving it from bankruptcy in the spring of 1908 is a case in point. His first step was to buy up all of the Company's notes then approaching maturity, to do it vigorously and to the extent that they came upon the market. His confidence was justified by success,

## *Edward Henry Harriman*

but his task was not finished. When the new issues of notes replacing the old came out, it was for him to make the market for them and insure their flotation. I called him up one morning and told him there was a bid of  $97\frac{1}{2}$  for fifty of the notes, remarking that it seemed to me to be a high price.

“Why do you think so?” he asked.

“Well,” I said, “considering the credit of the Erie, it seems to me a pretty good price.”

“What do you know about the credit of the Erie?” was his reply, gently spoken but effective. For the moment he was the credit of the Erie.

## *A Prince of Men*

I never knew a man who would engage in larger operations—in other words, back his judgment with a bigger bet—or do it with less apparent effort or concern. When he was buying “calls” on Union and Southern Pacific stocks in London, before they were paying dividends his orders were given over the telephone in unlimited amounts in the same matter-of-fact way as though they had been for one-hundred-share lots. On one such occasion I repeated the order. He understood me to ask if he did not think he was buying pretty heavily, and his answer was, “At those prices you may buy all you can get”—and to my

## *Edward Henry Harriman*

surprise he added, "I am going on the yacht this afternoon and won't be back for two days. Just let my office know."

When a well-known floor operator was offering Southern Pacific at \$60.00 a share I informed Mr. Harriman of the fact, and he instantly authorized me to buy every share offered at that price, the order to be good until the close of the Exchange that day. After having been short of a large amount of Erie common for three months, during which time he never once referred to the matter, Mr. Harriman called me up one day and remarked,

"I think I am short of Erie."

## *A Prince of Men*

“Yes,” I replied, “about thirty points higher.”

“Don’t you think it is about time to cover?”

I acted on the assumption that this was an order, and I was not mistaken.

Mr. Harriman’s interest in elections and fondness for betting upon them was another manifestation of his disposition to back his judgment heavily. Having bet \$10,000 on a candidate, he asked me how much more money the opposing side was offering on the Curb. I told him there was at least as much more and he replied:

“Bet all there is.” As a means of

## *Edward Henry Harriman*

getting an idea of how far he was willing to go I asked:

“Suppose there is a million out there?”

“Bet it,” was his answer, “and see how much more there is.”

Mr. Harriman experienced more than one Wall Street panic, not one of which disturbed his calm judgment of men and conditions, or shook his confidence in the stability of his personal affairs. At one such time I was in his office, telling him how badly the market was acting. While I sat there he called up five different interests and told the head of each, in substance:

“This thing is all wrong. Look

## *A Prince of Men*

after your properties and I shall look after mine.” Promptly the market rallied and the whole situation changed for the better. During the panic of 1907, when I told him of a rumor that he had had a “row” with J. P. Morgan that day, he replied:

“It has gotten so that I cannot go over to Mr. Morgan’s office to have a talk with him without people criticizing and looking for trouble. As a matter of fact, I went to Mr. Morgan and offered him \$2,000,000 of my choicest securities to save the Trust Company of America.”

On the evening of the worst day of the memorable period, October 21st, when Union Pacific sold at par, I

## *Edward Henry Harriman*

went to see him at his house. As he came into the library he remarked, half jocularly and half seriously:

“What is the matter with you fellows downtown?”

“If you want to know the real story,” I said, “Roosevelt says you will have to give up your position as President of the Union Pacific.”

Just at that moment the telephone rang. Answering, and evidently speaking to one of his daughters, Mr. Harriman said:

“Mother is in the parlor with Mrs. Kruttschnitt.” Turning from the telephone, he remarked to me:

“I shall never give up the job as long as I am under fire, but if I ever



## *A Prince of Men*

should, the man who will get it is down in "the parlor now." It has always since been my opinion that Mr. Kruttschnitt would have been chosen to succeed him because I imagine that he was in the parlor with Mrs. Kruttschnitt; but after Mr. Harriman's death his powers and duties as head of the Union & Southern Pacific went to Judge Lovett.

Reference to the financial storm that raged around Mr. Harriman as the central figure in 1907 would to me be incomplete unless it included an incident which forced me to make almost instantly the most difficult decision of my whole business career. One day when the situation was ap-

## *Edward Henry Harriman*

proaching its worst, a man of considerable prominence in the financial district at the time and still better known now, whom I had known well and considered a man of excellent judgment, came into my office and behind closed doors advised me that I was making a mistake in sticking to the Harriman ship, that Mr. Harriman was sure to fail and that I was only courting the destruction of the firm which my brother, A. A. Housman, had founded. He strongly urged me to notify Mr. Harriman to take up his account at once.

At that time I was only thirty-seven years of age and had lost my brother within a few months through

## *A Prince of Men*

whose death I had become the head of the firm. We were carrying upwards of \$6,000,000 of securities for account of Mr. Harriman. Whether I should follow this man's advice, or act on my own judgment meant almost everything to me—certainly everything in the world in a material sense. After a moment's reflection I said:

“Mr. Harriman has never yet shown me the slightest sign of either financial weakness or faltering will. If I ask him for additional margins to the amount of \$250,000, he sends me \$300,000; if I ask for \$300,000, he sends me \$400,000. His personal bearing is that of a man with no un-

## *Edward Henry Harriman*

usual anxiety on his mind. So long as these things continue as they are I see no reason why I should not continue to represent him.”

Later, the same day, I was called to the office of a downtown banker who had on his desk a cablegram from London enquiring as to the position of my firm. He invited me to give him any statement I cared to make. He seemed to know our large commitments in London so I told him that the big proportion of our account was for important clients who, up to then, had responded to all our margin calls, and in fact, that we had kept a margin in London, which was not the English custom. I

## *A Prince of Men*

added that I would gladly give him a statement as to the amount of the firm's capital if he wished to know. He then closed the interview.

These two incidents, occurring within a few hours of each other, had a significance which I think I fully realized at the time, crowded as the day was. Some person or persons were out to "get" Mr. Harriman and had picked to send to me with friendly advice the man who was, in their judgment, most likely to influence me. At the same time, by whom or by what means I do not know, inquiries had been set afloat in London, where we were carrying a large amount of securities for Mr. Harri-

## *Edward Henry Harriman*

man through our correspondents, as to our financial stability. As everyone knows, that panic spent itself without doing Mr. Harriman any harm and was succeeded by a period of rapid recuperation in which his enterprises amply proved their essential solidity, as well as the sagacity and conservatism with which they were administered.

Coming to the more intimate and personal side of Mr. Harriman, there was in his nature a courtesy that went deeper than mere words, a sincerity that is not always an attribute of big men. A stockbroker necessarily calls a client very frequently on the telephone to keep him in-

## *A Prince of Men*

formed of prices and other market matters. On such occasions Mr. Harriman never anticipated or interrupted by saying, "I know that," as I have known other busy men to do, but was always appreciative of every effort in his behalf. Yet he never made a remark that he did not mean for the sake of an easy evasion.

Shortly after my brother's death I expressed to Mr. Harriman the hope that it would not affect the firm's relations with him and added that while he had a big account with us, I was anxious to do more of his business. He answered frankly: "I never put all my eggs in one basket."

Of his disposition I can only say

## *Edward Henry Harriman*

that it was sweet, a word one hesitates to use in reference to a man and particularly one of so forceful a character. But it well describes a certain quality he had. This was due in large part, I think, to the invariable cleanness of his mind and to the strength with which wholesome personal and family relations appealed to him. One Sunday afternoon he wanted to get into touch with me quickly. I was not at home but Mrs. Housman promised him over the telephone to get me up to his town house within the hour. She did so, though it was before the days of automobiles. Mr. Harriman remarked that not every woman could



## *A Prince of Men*

find her husband so easily on such short notice and appeared to be not a little impressed by an incident which, in the retelling, may seem to be only a trifle. But that was the human responsiveness of the man.

Mr. Harriman was able to relax his mind in the humor of the little everyday occurrences even when he was much occupied with the weightiest matters. He could poke fun at himself with relish. One summer day I wore into his office a decidedly unusual straw hat. He immediately wanted to know where I got it and asked me to get him one. When I inquired the size he wore, he answered with the boastfulness of a boy: "Big-

## *Edward Henry Harriman*

ger than you.” And his head was in truth much larger than mine, though he was much the smaller man in stature. He took more interest in the hat I got him than many a man would in some elaborate present.

On another occasion, when I was in his office late in the afternoon he asked his colored porter to go to the telephone and ask Mr. Schiff to take him uptown. Mr. Schiff had gone for the day. He then tried Otto Kahn and Mortimer Schiff in turn and got the same reply regarding both. Turning to me with a smile he said, “I suppose you will think I am trying to impress you by showing

## *A Prince of Men*

you how I stand with Kuhn, Loeb & Company.” On my telling him once that I had obtained some “time money” which the Standard Oil Company had sent into the market, he said: “I hope you did not tell them it was for me.”

When Mr. Harriman was waging his fight for control of the Illinois Central and was in Chicago to attend an annual meeting of that company, his secretary telephoned on a Saturday that he would reach New York the following morning and wanted to see me immediately upon his arrival. While I was under the shower Sunday morning I was called to the telephone. Mr. Harriman asked: “Is

## *Edward Henry Harriman*

everything all right?" meaning in regard to his accounts with us.

"Yes," I replied, "how is everything with you?" He laughing replied: "All right. I shall be at home after five this evening. You can see me there if you want to tell me anything."

Chiefly out of curiosity to see how he was standing the strain I went to see him that evening. As I was leaving after a casual conversation about business matters he gave my arm a playful shake and said:

"You didn't have anything to say to me. You only wanted to look me over." That was only one of the proofs I had of his ability to see

## *A Prince of Men*

what was passing in other men's minds.

Hardly anything is better known of Mr. Harriman than his loyalty to his associates, but it extended even into small matters of personal bearing. He once wanted to buy a few shares of one of the subsidiary companies of the Union Pacific system from a man who refused to sell.

It happened that the man was an enthusiast on billiards and Mr. Harriman asked me if I played the game. I did not, but undertook to reach the man and succeeded in getting him to Mr. Harriman's office after the members of Kuhn, Loeb &

## *Edward Henry Harriman*

Company had failed to do so. The man still refused at that time to part with his stock, but in my presence and much to my embarrassment, he began congratulating Mr. Harriman upon his choice of an intermediary, saying that he could not have picked a better man to approach him. Mr. Harriman interrupted him rather curtly with, "You needn't tell me anything about Mr. Housman. I know all about him."

When I reported to Mr. Harriman that a prominent broker was offering to sell the next dividend on Union Pacific at a price less than the amount of the last preceding dividend, his reply was:

## *A Prince of Men*

“You can buy all he wants to sell at any price.”

I began buying and shortly afterward the offering ceased. Three weeks later I happened to be at the Plaza with a number of men, one of whom was the broker who had offered the dividend at a discount. Quite by accident he addressed to me the question: “I wonder who told Mr. Harriman that I was selling the Union Pacific dividend?” It was evident that Mr. Harriman had carefully guarded the source of his information about the attack upon Union Pacific stock.

When my brother, who was my partner, died on August 20, 1907,

## *Edward Henry Harriman*

Mr. Harriman was in camp in Utah. My brother's death occurred at 5:30 o'clock in the morning but was not known on the Street until 10 o'clock. When I reached my own home in New Jersey at 2 o'clock I found there a telegram from Mr. Harriman expressing his sympathy and asking, "Is there anything I can do for you?"

A short time later I had a curious revelation of the manner in which the head of a 20,000-mile railroad system serving chiefly an agricultural territory turned his mind to other things than the stock market at times when most men downtown could think of nothing else. My



## *A Prince of Men*

brother had been greatly interested in fine livestock and, in particular, had owned a wonderful line of pigs. In the heart of the 1907 panic one of Mr. Harriman's best friends, Mr. John R. Townsend, called up to inquire what had become of the pigs. I had to tell him that I couldn't talk pigs until after 3 o'clock, but evidently Mr. Harriman had spoken of the pigs while stocks were tumbling.

Some days before he was to sail for Europe, during his last illness, Mr. Harriman said to me:

“Housman, I should like to see you at my house before I go away. Remind me of it every morning when you call up, so that I can set a time

## *Edward Henry Harriman*

free from interruptions to chat with you." On the Friday before his departure (he sailed on a Tuesday) he fixed the time for that afternoon. While we were together he said:

"I have closed my account with you and if I ever do anything in Wall Street again I shall remember you, as I have enjoyed our pleasant relations during these past years. Now, I suppose you want my opinion on the market." And he proceeded to give it, for the first time in all the period of my associations with him. He put it in very few words. This was at the end of May.

"It all depends upon the crops," he said. "Big crops will mean a big

## *A Prince of Men*

market; small crops, stocks will go down; with an ordinary crop there won't be much for the boys in the Street to do."

It sounds simple enough, but it reflects the conception he held of the stock market. To Mr. Harriman it was a barometer of fundamental conditions throughout the country and a place where the nation's financial requirements were expressed and measured.

THE END

[ 33 ]



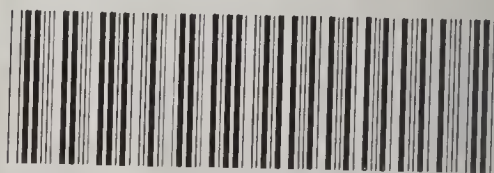






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